

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

UNCLAS STATE 305328

E.O. 11652: N/A

TAGS: APUB, MX

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO MEXICO

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS4.5 MILLION TO HYLSA DE MEXICO S.A. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. AFTER 2:00 P.M. MONDAY, JANUARY 5, 1976.

QUOTE EXIMBANK CREDIT OF DOLS 4.5 MILLION SUPPORTS DOLS 10 MILLION SALE OF U.S. EQUIPMENT FOR SPONGE IRON PLANT IN MEXICO

TO HELP FINANCE A DOLS10MILLION SALE OF U.S. EQUIPMENT FOR A SPONGE IRON PLANT AT XOXTLA, STATE OF PUEBLA, MEIXCO, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS4.5 MILLION TO HYLSA DE MEXICO S.A. (HYLSAMEX). THE COMPANY WAS FOUNDED IN 1965, TO MANUFACTURE ROD IRON, WIRE, BARS AND SIMILAR PRODUCTS. THE PLANT WILL BE DESIGNED TO PRODUCE 1500 METRIC TONS PER DAY OF 90 PERCENT METAILIZED SPONGE IRON. TOTAL COST IS ESTIMATED UNCLASSIFIED

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AT DOLS41 MILLION.

U.S. PURCHASES WILL INCLUDE FURNACES, GAS BURNERS, INSULATING MATERIALS, CASTINGS, PUMPS, FANS, COMPRESSORS, VALVES, PIPE AND FITTINGS FROM A LARGE NUMBER OF SUPPLIERS NOT YET DESIGNATED. THE SALE OF THIS EQUIPMENT WILL PROVIDE EMPLOYMENT IN MANY U.S. FACTORIES CURRENTLY OPERATING BELOW CAPACITY. EXIMBANK'S CREDIT REPRESENTS 45 PERCENT OF THE TOTAL U.S. COSTS. A CREDIT OF DOLS4.5 MILLION FROM COMMERCIAL LENDERS WILL FINANCE ANOTHER 45 PERCENT OF THE U.S. COSTS. THE BORROWER WILL MAKE CASH PAYMENT OF 10 PERCENT OR DOLS1 MILLION, REPRESENTING THE BALANCE OF THE U.S. COSTS. EXIMBANK'S INTEREST RATE OF I-1/2 PERCENT PER ANNUM, COMBINED WITH THE INTEREST RATE FROM COMMERCIAL SOUCES, WILL RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER OF 9.30 PERCENT TO 9.55 PERCENT PER ANNUM. THE LOANS ARE TO BE REPAID IN 12 SEMIANNUAL INSTALLMENTS BEGINNING AUGUST 10, 1977, WITH EXIMBANK'S LOAN TO BE REPAID OUT OF THE LAST 6 INSTALLMENTS. UNQUOTE
ROBINSON

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